

AIR WAR COLLEGE

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“GOING DUTCH”

WHY THE DUTCH DO NOT SPEND 2% GDP ON DEFENSE

by

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Biography

Lieutenant Colonel Boudewijn A. Roddenhof joined the Royal Netherlands Air Force in 1993. His flying career started in light utility helicopters, where he became a flight-instructor and made multiple deployments across the Balkans to Bosnia-Herzegovina, Albania and Kosovo in support NATO operations. In 2003 he transferred to flying the AH-64D Apache attack helicopter and supported the Dutch mission in southern Iraq in 2004 and 2005. Lieutenant Colonel Roddenhof graduated from the Instructor Pilot Course in Fort Rucker, AL in 2005 and Helicopter Weapons Instructor Course in 2006 and was stationed in Fort Hood, TX with the Netherlands' training program under the 21st Cavalry Brigade. After his return from the United States, he deployed to Afghanistan for combat operations in 2010. In 2012, he left 301 Squadron to work in the policy and requirements branch at the Ministry of Defense as an acquisitions staff officer. In 2013, Lieutenant Colonel Roddenhof became the deputy project officer for the procurement and introduction of the MQ-9 Reaper remotely piloted aircraft. As such, he was responsible for the development of the concept of operations, organization and formation of the future squadron and overall introduction and bed down of a new weapon system into the Royal Netherlands Air Force. Lieutenant Colonel Roddenhof is a graduate of the Netherlands Staff Officer Course and his awards include the Combat Badge and 20-year service Officer's Cross. Lieutenant Colonel Roddenhof is currently a student at the Air War College at Maxwell Air Force Base, Alabama.

Abstract

The Netherlands requires peace and stability in the international order for its own peace and prosperity and depends on NATO to ensure that peace and stability. Yet, the Netherlands' government consequently fails to meet the 2 percent GDP mark for Defense spending and, despite its pledge at the 2014 NATO summit in Wales, has shown no movement to meet the 2% guideline by 2024 in the most recent budget. This paper examined why the Dutch government does not spend 2% GDP on defense and if a policy change can be expected after March 2017 elections. It first regards the Dutch constitution, the Dutch welfare state and the political landscape which explains why the social security and welfare policy schemes are deeply embedded across the Dutch Society. As such, political parties prioritize these policies over defense spending. The paper then regards the Dutch political landscape, past government coalitions and the Advocacy Coalition Framework to explain the past history of defense budget cuts as a result of the coalition based government structure. Finally, the paper looks at the 2017 election results and considers four major changes in the external environment that influence coalition decision-making. Combined with the party programs and the Advocacy Coalition Framework, the paper concludes that a policy change to increase Dutch defense spending to the European average of 1.43% GDP is likely over the next four years, which puts the 2% GDP mark in range for 2024.

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GOING DUTCH

The phrase "going Dutch" probably originates from Dutch etiquette. In the Netherlands, it is not unusual to pay separately when dating. The Dutch were already internationally known as scrooges, and English rivalry with The Netherlands especially during the period of the Anglo-Dutch Wars gave rise to several phrases including Dutch that promote certain negative stereotypes. Examples include Dutch courage, Dutch uncle and Dutch wife. The particular stereotype associated with this usage is the idea of Dutch people as selfish and not gregarious.

Source: <http://www.urbandictionary.com/define.php?term=go%20Dutch>

“No longer can the American taxpayer carry a disproportionate share of the defense of western values ... If your nation meets the two percent target, we need your help to get other allies there. If you have a plan to get there, our Alliance is counting on you to accelerate your efforts and show bottom-line results. And if you do not yet have a plan, it is important to establish one soon”

– Secretary James Mattis during NATO press conference 15 February 2017¹

Introduction

Since the end of the Cold War, member states of the North Atlantic Treaty Organization have cut defense budgets to historic lows and the Netherlands is no exception. In 2014 the Dutch Defense spending reached an all time low since the beginning of recordkeeping in 1929.² As a percentage of Gross Domestic Product (GDP) the Defense budget declined to 1.12%, well below the NATO 2% mark. As such, the Netherlands is regarded as a “free rider” even though it is considered a wealthy country.

According to the Worldbank GDP ranking, the Netherlands is the seventeenth-largest economy in the world, the seventh-largest economy in the European Union and it has the thirteenth highest GDP per capita in the world.³ The Netherlands plays an important role as a European transportation hub with Europe’s largest port located in Rotterdam. The Dutch economy is highly open and dependent on foreign trade and investments. As such, the Netherlands requires peace and stability in the international order for its own peace and prosperity. As a small state the Netherlands depends on NATO to ensure that peace and stability. The Netherlands has both an interest and an obligation to maintain a modern and capable defense force. However, the Netherlands’ government consequently fails to meet the 2 percent GDP mark for Defense spending and, despite its pledge at the 2014 NATO summit in Wales, it also showed no movement to meet the 2% guideline by 2024 in the 2017 budget.

Although the second cabinet of Prime Minister Mark Rutte (“Rutte II”) reversed the majority of previous defense cuts with several budget supplements and as such halted further budget decline, the overall Dutch defense expenditures only amounted to 1.16% GDP in 2016. Meanwhile, the security situation in and around Europe has changed dramatically with the terrorist attacks in Paris and Brussels and the shoot-down of Malaysian Flight MH17 as tragic highlights. In a November 2016 newspaper interview Dutch Chief of Defense General Tom Middendorp made a rare political statement that “the time to invest in the military has come.”⁴ The Rutte II cabinet will end its four-year term in March 2017 and despite the changed security situation and improved outlook for 2017, the cabinet of Rutte II did not commit to an upward movement of the budget towards the 2% GDP pledge in the latest 2017 budget allocation. Arguably, the current Rutte II cabinet does not want to “reign beyond the grave” and force its policy upon the next government, which brings us to the argument of this paper.

This paper will argue that the Dutch government does not spend 2% GDP on defense because of the coalition based government form in the Netherlands that always involves compromises between defense policy and budget, which causes parties to favor decisions in line with their ideals and that benefit their constituents, rather than make unfavorable decisions to heighten the Defense budget. Additionally, this paper will predict that based upon the general consensus among political parties in the Netherlands and their programs for the 2017 elections, the Defense budget will increase during the coming cabinet period. However, whether this will be an increase to reach the 2% GDP norm by 2024, or whether the increase will level-off at the European average of 1.43% GDP remains to be seen.

This paper will first provide background information about the Netherlands’ constitution, the formation of a coalition government in the Netherlands and the Advocacy Coalition Framework theory. Second, it will provide an overview of the Dutch political landscape, the main

political parties and ideologies, and the Dutch Welfare State. Third, for context this paper will review the government budgets since 2007 to cover the past three governments and their policy on defense. Fourth, this paper will contrast the 2012 coalition agreement with the party's election programs, and discuss look at the defense policy adjustments and the 2% discussion. Fifth, the paper will evaluate the election results and set expectations based on the coalition options for the 2018 budget. Lastly, the paper will end with a conclusion.



“There shall be armed forces for the defence and protection of the interests of the Kingdom, and in order to maintain and promote the international legal order.”

- Article 97, Constitution of the Kingdom of The Netherlands.

Constitution and Coalitions

This section will discuss the Netherlands’ constitution, the formation of a coalition government and the Advocacy Coalition Framework. As such, this section contributes to framing the thesis that the Dutch government does not spend 2% GDP on defense, because of the coalition based government form.

The Netherlands is a constitutional monarchy. This means that the Dutch monarch’s powers are regulated by the constitution. The monarch is the official head of state and although considered an official member of the government, the king has no political responsibility whatsoever – as chapter 2 of the constitution clearly depicts.⁵ The Dutch constitution dates back to 1798 and the Napoleonic occupation of the Netherlands, but was amended many times since then.⁶ Chapter 1 of the Constitution of the Kingdom of the Netherlands, version 2008, states the fundamental human rights, like freedom of religion. It also addresses the government’s role in education, promotion of health and aid from the authorities to Dutch nationals resident in the Netherlands who are unable to provide for themselves. As such, the constitution can be regarded as a fundamental document for the Dutch Welfare State. The constitution also is the bedrock for the Dutch political system. Chapter 2 depicts the position of the monarch and chapter 3 depicts the organization of the Dutch state and the separation of powers. Legislative power is shared between the two chambers of the Dutch parliament and the government; the governing Cabinet serves as the Netherlands’ executive branch.⁷ In addition to the previous aspects, the constitution defines the position of the armed forces in chapter 5, article 97: “There shall be armed forces for

the defence and protection of the interests of the Kingdom, and in order to maintain and promote the international legal order.” The latter part of this article was adopted in 1995 and is a rare international assignment for a small country to give itself in its constitution and as such, is often used by scholars to explain the Dutch eagerness to provide troops and participate in UN operations.⁸ At the same time, this relatively large contribution of the Dutch armed forces – compared to other European nations– is used by some political parties as an alternative to the 2% GDP pledge, as will be discussed later in this paper.

Although the constitution states the organization of the government in two houses, the number of representatives per house and their terms, among other things, the constitution does not describe the formation of a coalition government. The formation is a complicated process due to system of proportional representation, electoral thresholds and the many parties represented in parliament.⁹ As such, representation in the house is directly related to the number of votes casted, i.e. if party Y received 6% of the total votes this means 6% of the house seats for party Y. No political party has ever gained an absolute majority in a Dutch general election and with the need for a government executive to have support of the house majority, this means that two or more parties will always need to form a coalition and work together in a Cabinet of Ministers.¹⁰ The formation process starts after the election results are official. The leader of the majority party automatically becomes the Prime Minister. During the process, the parties negotiate various questions, such as which parties are to form the government, and which parties will be assigned which ministerial posts?¹¹ The most important question however, is how the parties’ programs can be combined into one single government program, known as the “coalition agreement.” This bargaining process often leads to compromise and the necessary concessions, as the 2012 coalition agreement illustrates later in this paper. It should not come as a surprise that it is often said, “it is more important for a political party to win the bargaining process than the elections.”¹²

After the formation is completed, the monarch swears in the new government and the cabinet can start their executive duties such as determining the national budget for the upcoming year. The budget process starts in the spring and the new budget is announced in September. The fiscal year starts in January and is evaluated the next year. As such, the entire budget cycle spans two and a half years. Once the new government is in place, it will have full executive power and two predetermined moments –one in the fall and one in the spring– to supplement or alter the current budget. The coalition that emerges from the 2017 elections can look forward to a good start based on the economic projections for 2017: the GDP is projected to grow by 2.1%, unemployment is declining to 5.3% and for the first time since 2009 the government budget will be balanced again.¹³

Although the actual coalition forming takes place behind closed doors and as such, is not very transparent about the actual process, it is possible to frame some of the process in the Advocacy Coalition Framework (ACF) theory. This theory explains the dynamics in coalition decision-making and has three major elements; the policy subsystem, advocacy coalitions that act within the subsystem (actors) and the environment.¹⁴ The theory assumes that actors in an advocacy coalition tend to agree more often about issues that resonate with the core believes, although they might disagree about the way these core believes should be achieved.¹⁵ In such a case policy-brokers come into action. The success of a policy broker depends on his ability to compromise in such a manner that it is not threatening to the values and believes of the coalition. If there is no room for compromise because the coalition is polarized, the chances for policy change are minimal. In the subsystem there is always one dominant actor that determines the policy; in the Dutch coalition process, that party would end up compromising the least.¹⁶

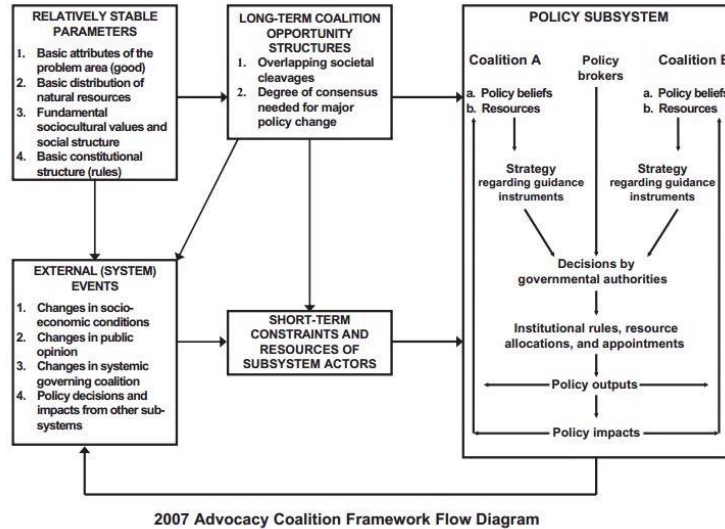


Illustration 1: ACF Source: Paul Cairney¹⁷

In case of the Netherlands defense spending history, the advocacy coalitions were either in favor of defense cuts, or against it. Based on the track record of downsizing since 1991 it is obvious which advocacy coalition set the policy. The Advocacy Coalition Framework will be used later in this paper to predict the increase in defense spending based on the selected coalition and 2017 election results. The ACF also shows how policy can change over time as part of external events such as changes in socio-economic conditions, public opinion, governing coalition or impacts from other policy decisions. Arguably, the time for policy change has arrived with more and more Dutch political parties advocating for a defense spending increase, as the next section will illustrate.

The Dutch Political Landscape & Welfare State

The Dutch political landscape is widely spread from left to right and with no less than 24 parties that registered for the upcoming 2017 elections, the landscape is likely to become even more splintered. However, three main groups –Social Democrats, Christian Democrats and

Liberals– have been alternately represented in various governments for many decades, albeit sometimes with the support from smaller parties to achieve a parliamentary majority.¹⁸ This section will cover the three main parties and their policies towards defense and NATO. Additionally, this chapter will explain the Dutch welfare state, which is needed to further understand party prioritization in reference to government spending and the argument of this paper.

Dutch political parties seldom fit just one label. This is best illustrated by the Freedom Party (PVV), which is considered to be right wing based on its anti-islamic views, but simultaneously embraces a number of socio-economic positions that can be considered left-wing, like reversal of previous healthcare cuts and abrogation of the mandatory individual healthcare deductible.¹⁹ The same applies to the ‘progressive’ or ‘conservative’ classification. A new center-right government, for example, can introduce major changes in the existing welfare system or healthcare sector, while a left-wing opposition aims to preserve these systems as they are.²⁰ Nevertheless, the table below uses the socio-economic “Left, Center and Right” classification, with any noteworthy exemptions mentioned in the descriptive text for each party.

LEFT		CENTER		RIGHT	
Socialist Party	PVDA Labour	D66*	CDA Christian Democrats	VVD Liberals	SGP*
Green Left			Christian Union*	PVV Freedom Party	

Table 1: Dutch Political Landscape

*not described hereafter

The far left of the spectrum is represented by the Socialist Party (SP) followed by the Green Left (GL) party. The SP wants reduce defense spending and halt the “development of NATO into a worldwide aggressive intervention force”.²¹

The Green Left party (Groen Links or GL) came out of a 1990 merger between four smaller parties that represented pacifist, left-wing Catholic, progressive evangelical and communist views of society.²² Nowadays, GL mainly focuses on environmental issues and broad social reforms. GL does not want a defense force that can participate the high end of violent conflicts, but advocates more European defense cooperation and long term participation in peacekeeping and humanitarian interventions.²³ GL keeps defense spending at the same level.²⁴

The Labour Party (Partij van de Arbeid - PVDA) is placed in the center-left and committed to building a welfare state and has participated in coalitions since the '80s.²⁵ The PVDA advocates well-trained and equipped armed forces to adequately contribute to the collective defense as part of NATO and for Dutch participation in international operations.²⁶ The PVDA aims to increase the defense budget and investments by €400 Million, but does not formally commit to any percentage of GDP, although a defense spokesperson stated that 2% GDP would be “too much and nearly double the current budget.”²⁷

Democrats 66 (Democraten 66 – D66) is a social-liberal party with progressive characteristics. Founded in 1966, the party supports democratic reform, human rights and equal society.²⁸ D66 advocates strong European cooperation and is the only party in favor of a “European Army”.²⁹ As such, it advocates task specialization in niche capacities for the Dutch armed forces. D66 aims to raise defense spending by €500 Million and increase towards 1.43% GDP.

Christian Democratic Appeal (CDA), a center-right Christian Democratic party was founded in 1980 as the result of a merger between the Catholic People's Party, the Anti Revolutionary Party and the Christian Historical Union.³⁰ As such, Christian Democrats played a role in almost every coalition since World War II through cooperation with either the right or the left.³¹ During the 2010-2012 coalition with VVD, it was CDA Minister of Defense Hans Hillen

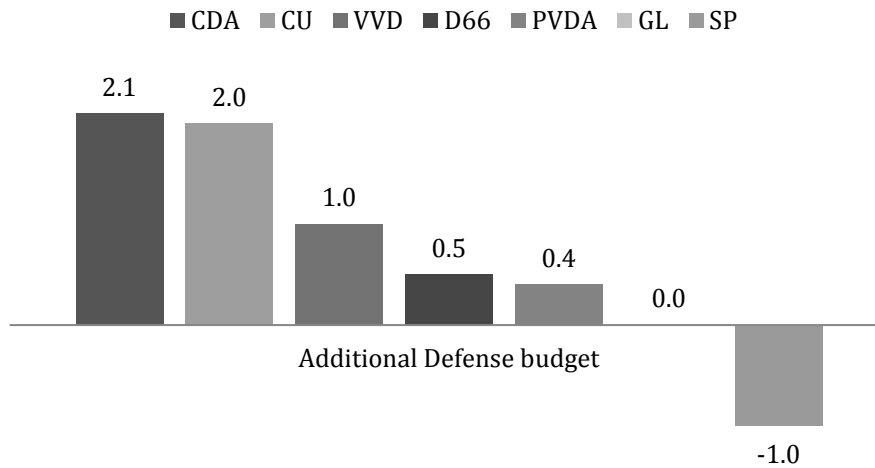
drastically cut the defense budget by 12.5% with €1 billion in an effort to reduce government spending.³² In its 2017 program, CDA admits that there were too many cuts the past decades and pledges to increase the defense spending.³³ The initial goal was to meet the European average, but this was adjusted to 2% GDP during the pre-election symposium where party members voted in favor of a higher budget.³⁴ As a start, CDA advocates a €2,1 billion budget increase.

The People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie – VVD) was founded in 1948. It is a center-right party deriving from liberal tradition with an emphasis on private enterprise, the free market, fiscal responsibility, democracy, international co-operation and a welfare state.³⁵ Over the last few years, the party has shifted more to the right with an emphasis on fiscal austerity measures and welfare cuts.³⁶ The VVD advocates that a “realistic foreign policy cannot exist without a credible defense capability” and, as such, it pledges to increase the defense budget to the European NATO average (% GDP) with further growth to the agreed alliance norm in the future.³⁷ The VVD advocates a €1 billion increase, however that will not put the defense budget at the European average towards the end of the upcoming cabinet term in 2021, as this would take €2.3 Billion.

The Party for Freedom (PVV) is a right wing, anti-Islam, populist party founded in 2006 and dominated by leader Geert Wilders. The PVV stands in the far right of the political spectrum with nationalist, xenophobic and anti-Islamic characteristics.³⁸ Due to the extreme points of view, the party is almost automatically forced in the opposition role as other parties have already announced they refuse to form a coalition with the PVV.³⁹ The PVV advocates a “hefty increase in defense and police budget” in its election program, but fails to clarify the amount.⁴⁰

The following graphs depict the proposed budget increases per party and relative to European average and NATO Norm, based on the verification calculations of the election programs by the Netherlands Bureau of Economic Policy Analysis.⁴¹

Advocated Defense Spending Increase per Party (Billion Euros)

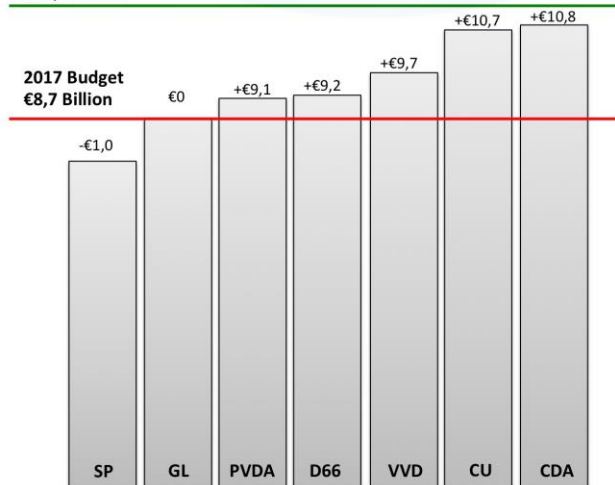


Proposed Budgets related to European Average and NATO Norm

NATO Norm 2% GDP (2024)
€15 Billion

European Average 1,43% GDP
€11,2 Billion

2017 Budget
€8,7 Billion



The Dutch Welfare State

The Dutch system of political parties dates back to the second half of the 19th century, which also marks the beginning of the Dutch welfare state with the implementation of a law to forbid child labor under the age of twelve.⁴² Since that time a broad scheme of laws and various policies grew to become one of the most elaborate welfare states in the world, which reached its peak in the 1970's. Many of the welfare state principles are embedded in the constitution. The Dutch welfare state is considered a 'social-democratic' type, because the social security system contains not only social insurance for workers, but also universal 'people's insurances' that cover all citizens.⁴³ All the schemes are highly collective and created large-scale horizontal, as well as vertical, solidarity in the Dutch welfare system, thus connecting different generations, professional groups and social classes.⁴⁴ Due to the economic crisis in the late 1970s and early 1980s, the expansion of the Dutch welfare ended. The introduction of liberal elements during the past decades shifted the system from collective solidarity towards individual responsibility and as such, decreased the degree of social spending.⁴⁵ Nevertheless, the legacy from the heydays of the Dutch welfare state is still deeply embedded in the Dutch electorate, which prioritizes healthcare, social security and the economy as the main points of concern for the 2017 elections respectively, closely followed by fight against crime and counter terrorism as number 4.⁴⁶ As a result, almost all of the political parties prioritize healthcare and social security in the top of their agenda's, which undoubtedly will be reflected in the 2017 coalition agreement.

Past Cabinets 2007 – 2017

This section will describe the past three Cabinets and the coalition parties regarding their policies and defense expenditures. The table below lists a comprehensive overview of the three Cabinets and their expenditure on Healthcare, Social Security, Education and Defense.

<i>Cabinet name</i>	<i>Balkenende IV</i>				<i>Rutte I</i>			<i>Rutte II</i>			
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017**
Government expenditure											
Social security (bln Euro)	56,6	54,8	58,9	61,1	69,7	70,5	74,1	75,0	75,4	76,7	78,5
Social security % GDP	10,4	10,7	11,8	12,1	12,3	12,4	12,7	12,5	12,6	12,6	12,5
Healthcare (bln Euro)	53,2	56,6	60,8	63,2	65,7	67,6	70,3	71,1	72,3	72,8	75,4
Healthcare % GDP	8,0	8,2	9,2	9,4	9,5	9,8	9,8	9,7	9,6	9,5	9,5
Education (bln Euro)	27,0	28,5	30,4	31,3	31,4	31,5	32,4	31,8	32,8	34,0	33,8
Education % GDP	5,3	5,5	5,9	6,0	5,9	5,5	5,6	5,5	5,5	5,3	5,3
Defense (bln Euro)	8,4	8,5	8,7	8,5	8,2	8,1	7,7	7,8	7,8	8,3	8,7
Defense % GDP	1,1	1,1	1,2	1,3	1,3	1,2	1,2	1,1	1,1	1,1	1,1
GDP value (in current prices, bln euro)	613,3	639,2	617,5	631,5	642,9	645,2	652,7	663,0	676,5	691,7	709,2
Source: CBS Netherlands Bureau for Statistics and Annual Budgets . *2016 data is preliminary, **2017 data is projection											

Table 1: comprehensive overview of the three Cabinets and their expenditure

2007 – 2010 Cabinet “Balkenende IV”

The Cabinet Balkenende IV was the fourth Cabinet of Prime Minister Jan Peter Balkenende – who started with his first Cabinet in 2002. The Cabinet was a coalition between the Christian Democrats CDA, the PVDA Labour Party and the moderate right Christian Union. During its governing period, the Cabinet faced the worldwide financial crisis and a recession between 2008-2010. As such, Balkenende IV increased government spending by €6 billion to improve employment, education, housing market, the construction sector and durable energy.⁴⁷ The Defense department had just finished major reorganizations in the aftermath of the enormous 2003 budget cuts (-10%) and personnel reductions (-12.000), while at the same time operating in the Uruzgan province in southern Afghanistan. The slight increase in the budget is directly related to the costs of the Afghanistan mission, which also caused the fall of the Cabinet in

February 2010 after disagreement from the PVDA over the continuation of the deployment in Afghanistan.

2010-2012 Cabinet “Rutte I”

The Cabinet Rutte I was led by liberal VVD Prime Minister Mark Rutte. The minority-coalition with CDA only had 52 of 150 seats in Parliament, because CDA was unwilling to form a proper coalition with the right wing PVV due to their stance on migration and Islam. As such, PVV was not part of the Cabinet, but its support was secured in a "parliamentary support agreement" between all three parties. With support from PVV, the coalition secured 76 seats. To counter the financial crisis and balance the government budget in accordance with EU rules, Rutte I cut spending with €18 billion, to include a €1 billion cut in the Defense budget (minus 12.5% and minus 12.000 personnel).⁴⁸ The Cabinet resigned prematurely over disagreement about the 2013 budget: the PVV withdrew its support because it could not agree with rising unemployment and decreasing purchasing power as side effects of the proposed retrenchment measures. Note that this illustrates the duality of the PVV concerning right or left classification.

2012-2017 Cabinet “Rutte II”

After the accelerated elections due to the fall of the Cabinet Rutte I, the liberal VVD formed a coalition with labor party PVDA. The Cabinet continued the budgetary course from Rutte I and the main priorities of the Cabinet were to balance government spending, ensure fair distribution of citizen's costs and sustainable growth.⁴⁹ Although Rutte II reduced Defense spending initially with another €250 million, the policy changed under influence of the unstable security environment. In 2013 the cabinet agreed on participation to the UN mission in Mali until 2015 – later extended till 2017. The downing of flight MH17, Russian invasion of Ukraine and

ISIS in Iraq and Syria changed the security perception of the Dutch population and politicians.⁵⁰ Although coalition partners VVD and PVDA maintained starkly opposing views, the Dutch Government pledged to halt further reductions and increase Defense spending to 2% GDP at the September 2014 Wales NATO summit.⁵¹ As a result, Rutte II implemented several incremental budget supplements that accumulate to €868 million Euros. Although that amount will be reached in 2020 outside of the Cabinet period, these budget supplements nevertheless reversed the years long downward trend. According to Defense Minister Jeanine Hennis it would take more than €2 billion Euros annually – which would imply approximately 25% increase in budget – to repair the damage to the armed forces from past budget cuts.⁵² Such an amount however, will not get the Netherlands at the 2% GDP mark, but near the European average.

All things considered, the past three governments in the Netherlands have prioritized social economic policies over defense spending. They confronted a global financial crisis and economic recession with several drastic measures and reductions of the defense budget. In the end, the Cabinet Rutte II broke the trend and halted the further decline of the defense budget in accordance with the Wales summit.

Regarded through the lens of ACF theory, this can be explained in following way. First, there were changes in the external environment; over the course of its term, the cabinet successfully countered the economic crises and recession –in line core ideological believes to preserve welfare– which ultimately allowed for resources to be allocated differently. Second, there were changes in the public opinion due to the increased security threat in and around Europe, which allowed for justification of a budget increase. This is best illustrated by the change in public opinion in favor of increased defense spending, as polled during the Ukraine crises: 47% in favor in May 2014 vs. 75% in favor in August 2014.^{53,54} As such, the cabinet was able to overcome some of the short-term constraints and resources, leading to small budget supplements.

Rutte II Cabinet and the 2% discussion

This section describes the Rutte II Cabinet's defense policy. First, I will contrast the 2012 election programs of the VVD and PVDA with the coalition agreement to see what was lost or traded on defense during the coalition negotiations. Second, I will look at defense policy adjustments and the 2% discussion.

“Niet doorschuiven, maar aanpakken” (*Don't delay, but tackle*) was the title of the VVD party program for the 2012 elections. The 60-page program contained five focus areas: (1) economy, (2) education, health and development, (3) domestic habitat, (4) government and (5) foreign policy and the promotion of the international legal order. The defense paragraph was the last page of chapter 5 and as such, the last page of the entire 2012 program. The VVD stated that the armed forces defend our freedom and democracy, but also secure our interests and our influence in international bodies.⁵⁵ According to the program, the Netherlands can't be and doesn't want to be a “freerider”, and the VVD takes that responsibility and acts accordingly.⁵⁶ According to the program, the protection of our commercial interest requires enough armed forces that are adequately equipped with high quality material. The Netherlands should demonstrate its ability to participate at the highest level with focused contributions, according to the VVD. The VVD further stated that the armed forces should have time to finish past reorganizations and to set things right after years of budget reductions. As such, the VVD strongly opposed any further budget reductions on the defense department.

“Nederland sterker & socialer” (*Netherlands stronger & more social*) was the title of the PVDA labor party program for 2012. The 76 page program contains 10 focus areas, reference to as “our choices for”: strong economy, good education, labor, participation, safe Netherlands, living, healthcare, durability, Europe, a solidary world, democracy and governance, culture and

sports, and finance. The defense paragraph is titled “an effective armed force with attention for personnel” and resides at page 65 of 76. PVDA advocated a modern armed force that is able to contribute to international coalitions to improve the international order. It stated that such a modern force requires an equivalent high level of investment, which therefor should not be a national matter, but an international ambition. As such, PVDA called for profound European cooperation, which should lead to merger of existing capabilities. In sum, the 2012 PVDA program advocated a smaller, but more modern defense force and wanted to reduce the defense budget with 1 Billion Euros.

“Bruggen slaan” (*Building Bridges*) was the title of the 2012 coalition agreement for the Rutte II Cabinet. According to the VVD and PCDA party leaders, “this coalition agreement reflects our search for the best of both worlds.”⁵⁷ The agreement had three main pillars: a solid budget, an equitable distribution of benefits and burdens and a sustainable and innovative economy. Despite the optimistic tone, it was clear that every Dutch citizen would feel the necessary retrenchments. Rutte II announced €16 billion in savings so that at the end of their term in office, Netherlands would be within sight of a balanced budget. As part of the coalition negotiations, VVD and PVDA compromised between “no further reductions” and “1 Billion cut” and as such, agreed on a €250 million reduction on the defense budget.

The cabinet was off to a false start and had to modify the coalition agreement, because the VVD constituency massively protested and 1,5% of the members cancelled their party membership over the announced income dependent healthcare premium. This proposed measure would lead to a 4% decrease in buying power for the higher incomes, which was unacceptable for the VVD members. The issue of equitable distribution of benefits and burdens was eventually settled in a revision of the income tax system, but the ordeal proved the power of the constituency and political will to comply.

As stated in the previous section, the Rutte II defense policy changed under influence of the unstable security environment. The Dutch Government pledged to increase Defense spending to 2% GDP at the September 2014 Wales NATO summit.⁵⁸ Supported by small opposition parties like the Christian Union, Rutte II implemented several incremental budget supplements that accumulated to 868 Million Euros. Rutte II nevertheless failed to create a clear path towards the NATO pledge and the 2% GDP norm is a topic of continued debate – both inside and outside of the Cabinet parties, which was well illustrated during a recent debate in the Second Chamber (House of Representatives) about the sharp critique that NATO expressed towards the Netherlands in its Defense Planning Capability Review (DPCR).

The opponents of the 2% norm typically come from the left wing opposition (Socialist Party and Green Left), but also includes coalition partner PVDA. The main argument used by the opposition is the seemingly arbitrariness of the 2% norm and the fact that it actually says very little about a country's actual military capabilities, readiness, deployability and sustainability.⁵⁹ Some NATO countries include pension payments in their defense budget, like the Netherlands, while others do not – or like the UK, started to include them to reach the 2% norm. The PVDA is critical towards the 2% norm, although it supported Netherlands' pledge at the Wales summit as a cabinet member. The PVDA advocates proportional contribution and argues that the Netherlands has participated in multiple international missions, whereas Greece is “hardly visible” although they have a 2.2% GDP defense budget.⁶⁰

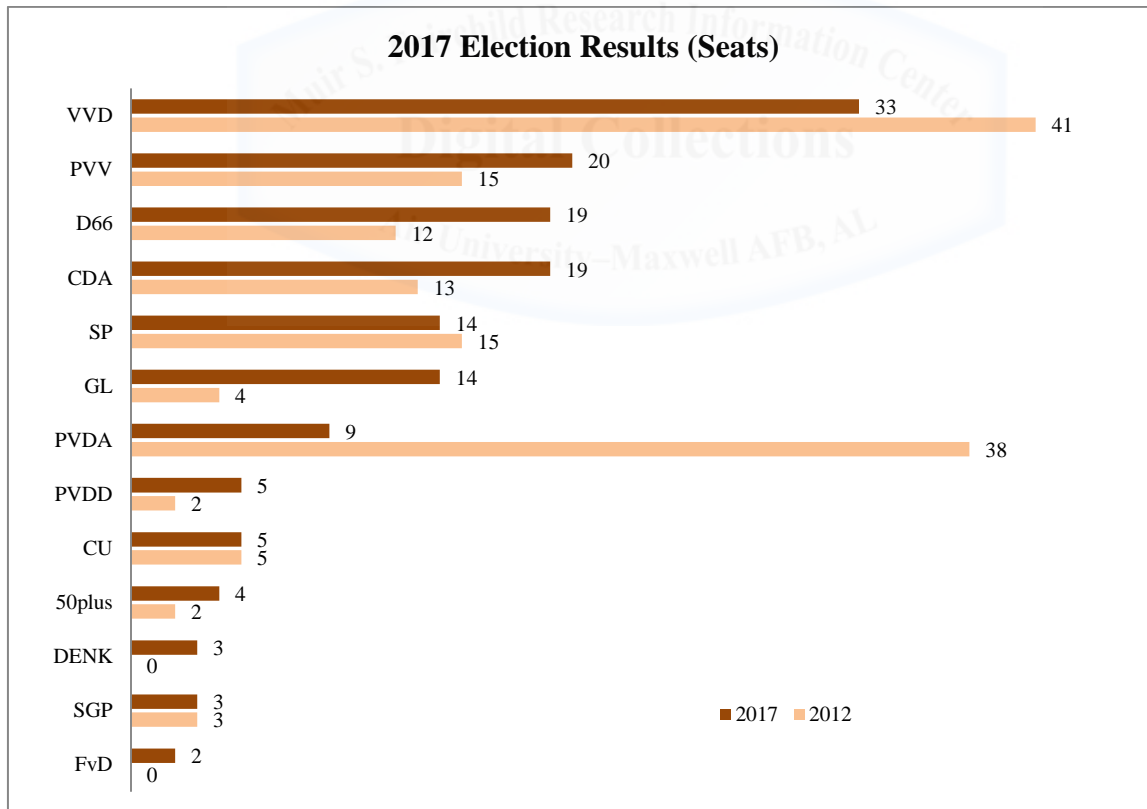
The advocates of the 2% pledge are spread across the Dutch political landscape. Coalition member VVD is a strong advocate, as well as the center Christian Democrats CDA and the moderate right Christian Union. The main arguments in favor are the changed security and geopolitical situation and the responsibility of the Netherlands, as a wealthy country, to contribute its fair share – because “a deal is a deal”. However, despite several bill-propositions

from CU and CDA, the cabinet has not drafted a path towards the 2% GDP norm on which it agreed in Wales 2014. According to Defense Minister Hennis, the department is preparing “multiyear perspectives” that can accommodate various levels of growth over the next few years.⁶¹

In line with the Dutch political tradition of compromise, there is a third option regarding the defense budget: aiming for the European average of 1.43% GDP. The PVDA advocated this option during the budget review in November 2016. The exact PVDA stance is unclear; a recent article suggested the PVDA in favor of the 2% norm, however the election program does not mention it.^{62,63} The VVD program aims at the European average and VVD Defense Minister Hennis has publicly advocated the European average as the next logical step for the budget on a path towards the 2% norm. This option will be explored in the next section of this paper about the 2017 election results and the defense budget prediction.

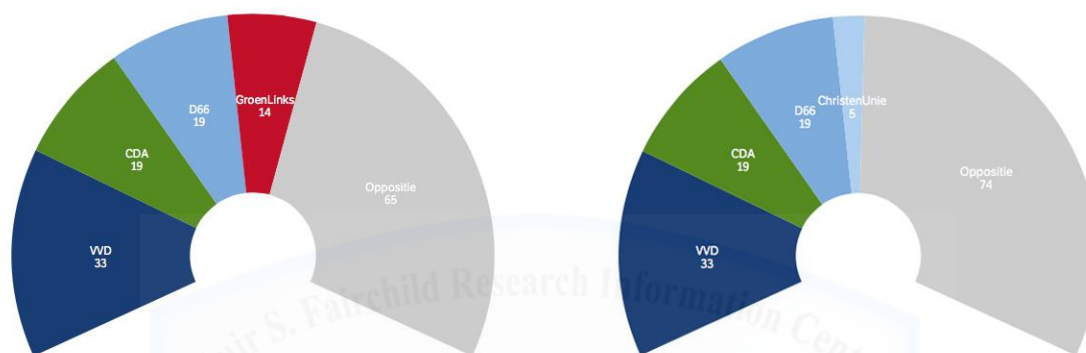
2017 Election Results and budget prediction

On 15 March 2017 the eyes of the world were upon the Netherlands and its elections. The right-wing populist Freedom Part PVV led the polls for months, but ended up second after the liberal VVD, as voters turned up in record numbers (81.9% turnout) and “stopped the wrong kind of populism” according to VVD leader Mark Rutte.⁶⁴ The political establishment in Europe welcomed the Dutch result as victory for tolerance and a boost for the European Union after last year’s Brexit vote.⁶⁵ VVD won the elections with 33 seats, a loss of 8 seats, followed by PVV at 20 seats a gain of 5. Former coalition party PVDA was decimated and lost 29 seats at the benefit of GL, D66 and CDA. The election results are depicted in the graph below.



Graph 1 - 2012 and 2017 Election Results

The results leave VVD leader Mark Rutte as future Prime Minister with two main options for coalitions: a center left coalition with VVD, CDA, D66 and GL at 85 seats out of 150, or a center right coalition with VVD, CDA, D66 and CU at 76 seats out of 150. Another option would be an 80 seat coalition with VVD, CDA, D66 and PVDA, of which the latter indicated not to be willing to participate in the light of its massive loss in this election. VVD, CDA and D66 as well as several other parties excluded a coalition with the PVV.



Graph 2 - Center Left Coalition (85 seats) vs. Center Right Coalition (76 seats)

From these two options, the center right option appears to be the one with the most common ground between parties and should make for a quick formation. However, VVD leader Mark Rutte started the coalition negotiations for the center left option. Arguably this is because it could create a solid majority in the both Houses, which is not at risk when individual members decide to abandon ship over disagreement with party politics; a practice not uncommon in the Dutch politics. According to Dutch newspaper NRC and 70% of a panel of political experts, the left option is doomed to fail because of substantive differences between VVD and CDA on the one hand and GL on the other hand about the environment, renewable energy, immigration, labor market and social security.⁶⁶ On defense however, all of the parties agree that a budget increase is needed, except for GL that advocates a neutral defense budget.

The table below shows the defense policy views.

Party	Policy Goal
VVD	1.43% GDP (NATO Average) with growth to 2% over time (year not defined)
CDA	1.43% GDP (NATO Average) with growth to 2% over time (year not defined)
D66	1.43% GDP (NATO Average)
CU	2% GDP
GL	Neutral budget - no additions or cuts.

Table 2: Defense policy goals per possible coalition party

Based on these policy goals it is likely that the Rutte III cabinet will commit to an increase in defense spending. Framed in the ACF's external events that influence policy change, it is important to note that there are significant changes in all 4 areas. First, economic growth is expected to continue and at a better rate than previously projected, in other words, the Dutch economy is performing better than expected. Second, the changes in public opinion remain positive towards defense. Third, systematic changes in governing coalitions are present, with a new cabinet formed around VVD, CDA and D66 and the absence of labor party PVDA. Lastly, there are external impacts from other subsystems. Without a doubt, the Trump-effect has an influence as the American government takes a strong stand about NATO Allies paying their fair share of the burden for our collective defense. Not only does this bring the lack of spending to the forefront for the public, it also forces the Netherlands government to make tangible efforts and a clear path towards the agreed 2% norm. According the ACF, we could distinguish two advocacy coalitions: the 2%-ers and the 1.43%-ers. A compromise at 1.43% for this cabinet term would only hurt GL and as such it is likely that the Rutte III cabinet will commit to reach 1.43% at the end of its term, but actual commitment to 2% in 2024 remains unclear.

Conclusion

The Netherlands, with its trade-based open economy, requires peace and stability in the international order for its own peace and prosperity and depends on NATO to ensure that peace and stability. Yet, the Netherlands' government consequently fails to meet the 2 percent GDP mark for Defense spending and, despite its pledge at the 2014 NATO summit in Wales, it also showed no movement to meet the 2% guideline by 2024 in the 2017 budget.

This paper argued that the Dutch government does not spend 2% GDP on defense because of the coalition based government form in the Netherlands that always involves compromises between defense policy and budget, and parties prioritize in favor of their constituency. To support the argument, the paper first described the Dutch constitution, which is the bedrock of the Dutch welfare state, but also explains the Dutch drive to participate in international military operations. Comparison of election programs illustrated the priority towards healthcare and social security over defense spending. Second, the Advocacy Coalition Framework (ACF) theory provided a useful framework to describe coalition-based decision-making. Coalition governments are embedded in the Dutch society, as no single party can achieve a majority in the fragmented political landscape. The ACF theory explained how parties reach compromise through policy brokers and how policies change under the influence of external events. Review of the past three cabinets from 2007 showed that the Dutch government prioritized preservation of the welfare state and solving the economic crises over defense spending.

However, the security situation in and around Europe has changed dramatically with the terrorist attacks in Paris and Brussels and the shoot-down of Malaysian Flight MH17 as well as the ongoing war against IS in Iraq and Syria. The external events culminate in combination with the pressure from the U.S government on its NATO allies to increase their defense spending and the Dutch elections, which will result in a different coalition than the past years. According to the

ACF theory, all elements for change are present and the majority of potential coalition partners has advocated for increased defense spending. As such, the question is not *if* the Dutch defense spending will increase, but by *how much*. Based on the party policy proposals and ACF, this paper concludes that the Dutch will raise their defense spending to meet the European average over the next 4 years. This will leave another three years to meet the 2% pledge in 2024, which is not unattainable but would require almost doubling the current budget. For now however, the Dutch will continue to “go Dutch” and have others pick up at least half of the bill.



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